

HOUSE BILL 696

P6, P4
HB 356/25 – APP

6lr0976

By: **Delegates Grammer, Arian, Chisholm, Fisher, M. Morgan, Nawrocki, and Szeliga**

Introduced and read first time: February 2, 2026

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Prescription Drug Benefits – Retirees**

3 FOR the purpose of authorizing certain retirees who began State service before a certain
4 date to be eligible for prescription drug benefits in the State Employee and Retiree
5 Health and Welfare Benefits Program; specifying that prescription drug benefits
6 shall be discontinued for certain Medicare-eligible retirees who began State service
7 on or after a certain date and their Medicare-eligible spouses and dependent
8 children; repealing the Maryland State Retiree Prescription Drug Coverage
9 Program, the Maryland State Retiree Catastrophic Prescription Drug Assistance
10 Program, and the Maryland State Retiree Life-Sustaining Prescription Drug
11 Assistance Program; repealing a requirement that the Secretary of Budget and
12 Management provide a certain notice; repealing a requirement for the Department
13 of Budget and Management to submit certain reports and ensure Medicare-eligible
14 retirees have access to certain services; and generally relating to State prescription
15 drug benefits for retirees from State employment.

16 BY repealing and reenacting, with amendments,

17 Article – State Personnel and Pensions

18 Section 2-509.1

19 Annotated Code of Maryland

20 (2024 Replacement Volume and 2025 Supplement)

21 BY repealing

22 Chapter 767 of the Acts of the General Assembly of 2019

23 Section 2, 4, and 5

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

25 That the Laws of Maryland read as follows:

26 **Article – State Personnel and Pensions**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 2–509.1.

2 (a) (1) Except as provided in subsection (b) of this section, the State shall
3 continue to include a prescription drug benefit plan in the health insurance benefit options
4 established under the Program and available to retirees under §§ 2–508 and 2–509 of this
5 subtitle notwithstanding the enactment of the federal Medicare Prescription Drug,
6 Improvement, and Modernization Act of 2003 or any other federal law permitting states to
7 discontinue prescription drug benefit plans to retirees of a state.

8 (2) Except as provided in subsection (b) of this section:

9 (i) a retiree may elect to cover the retiree's spouse or dependent
10 child under the State prescription drug benefit plan under §§ 2–508 and 2–509 of this
11 subtitle; and

12 (ii) if a surviving spouse or surviving dependent child of a retiree is
13 eligible to enroll in the State prescription drug benefit plan under § 2–508 or § 2–509 of this
14 subtitle, the surviving spouse or surviving dependent child may elect to enroll in the State
15 prescription drug benefit plan.

16 (b) (1) **THIS SUBSECTION APPLIES ONLY TO A RETIREE WHO BEGAN**
17 **STATE SERVICE ON OR AFTER JULY 1, 2011.**

18 (2) Except as provided in [subsection (c) of this section] **PARAGRAPH (3)**
19 **OF THIS SUBSECTION**, on January 1, 2019, the State shall discontinue prescription drug
20 benefits for:

21 [(1)] (I) a Medicare–eligible retiree;

22 [(2)] (II) the Medicare–eligible spouse or surviving spouse of a retiree; and

23 [(3)] (III) a Medicare–eligible dependent child or surviving dependent child
24 of a retiree.

25 [(c) (1)] (3) (I) If a retiree is eligible to participate in the prescription
26 drug benefit plan under Medicare, but the retiree's spouse or dependent child is not eligible
27 to participate in a Medicare prescription drug benefit plan, the retiree may elect to cover
28 the retiree's spouse or dependent child under the State prescription drug benefit plan.

29 [(2)] (II) If the surviving spouse or surviving dependent child of a retiree
30 is eligible to enroll in the State prescription drug benefit plan under § 2–508 or § 2–509 of
31 this subtitle, but is not eligible to participate in the prescription drug benefit plan under
32 Medicare, the surviving spouse or surviving dependent child may elect to enroll in the State
33 prescription drug benefit plan.

1 [(d) (1) This subsection applies only to a retiree, a retiree's spouse or surviving
2 spouse, and a retiree's dependent child or surviving dependent child:

3 (i) who is enrolled in a prescription drug benefit plan under
4 Medicare;

5 (ii) if the retiree is retired on or before December 31, 2019; and

(3) The Maryland State Retiree Prescription Drug Coverage Program established under paragraph (2) of this subsection may include:

(i) a health reimbursement account established in accordance with
§ 105(h) of the Internal Revenue Code; or

(ii) another program that provides assistance with prescription drug costs.

(4) A retiree, a retiree's spouse or surviving spouse, and a retiree's dependent child or surviving dependent child may enroll in the Maryland State Retiree Prescription Drug Coverage Program during the open enrollment period or any special enrollment period for retiree health insurance benefit options.

27 (e) (1) This subsection applies only to a retiree, a retiree's spouse or surviving
28 spouse, and a retiree's dependent child or surviving dependent child:

29 (i) who is enrolled in a prescription drug benefit plan under
30 Medicare; and

31 (ii) if the retiree:

32 1. began State service on or before June 30, 2011;

33 2. retired on or after January 1, 2020; and

3. is eligible under § 2–508 or § 2–509 of this subtitle to enroll
and participate in the health insurance benefit options established under the Program.

(ii) The Department may establish a maximum reimbursement amount for a retiree who qualifies for a partial State subsidy.

(3) The Maryland State Retiree Catastrophic Prescription Drug Assistance Program under paragraph (2) of this subsection may provide reimbursements through:

12 (i) a health reimbursement account established in accordance with
13 § 105(h) of the Internal Revenue Code; or

14 (ii) another program that provides assistance with prescription drug
15 costs.

20 (f) (1) This subsection applies only to a retiree, a retiree's spouse or surviving
21 spouse, and a retiree's dependent child or surviving dependent child:

22 (i) who is enrolled in:

1. the Maryland State Retiree Prescription Drug Coverage
Program established under subsection (d) of this section; or

(ii) if the retiree is eligible under § 2-508 or § 2-509 of this subtitle to enroll and participate in the health insurance benefit options established under the Program.

5 (ii) The Department shall develop a list of the prescription drugs
6 that qualify for reimbursement under subparagraph (i) of this paragraph.

(iii) The Department may establish maximum reimbursement amounts for a retiree who qualifies for a partial State subsidy.

(3) The Maryland State Retiree Life-Sustaining Prescription Drug Assistance Program established under paragraph (2) of this subsection may provide reimbursements through:

(i) a health reimbursement account established in accordance with
§ 105(h) of the Internal Revenue Code; or

14 (ii) another program that provides assistance with prescription drug
15 costs.

(i) the Maryland State Retiree Prescription Drug Coverage Program established under subsection (d) of this section; or

(ii) the Maryland State Retiree Catastrophic Prescription Drug Assistance Program established under subsection (e) of this section.

24 (g) (1) Subject to paragraph (2) of this subsection, not later than July 1 of each
25 year, the Secretary shall provide written certified notice of the change in the State
26 prescription drug benefit plan under this section to the individuals who will become eligible
27 in the next calendar year to enroll in the:

28 (i) Maryland State Retiree Prescription Drug Coverage Program;

29 (ii) Maryland State Retiree Catastrophic Prescription Drug
30 Assistance Program; or

31 (iii) Maryland State Retiree Life-Sustaining Prescription Drug
32 Assistance Program.

33 (2) The notice shall include information regarding:

(ii) the potential for significant penalties if an individual does not promptly choose a Medicare prescription drug benefit plan immediately on termination of the individual's participation in the State prescription drug benefit plan;

7 (iii) the programs available under subsections (d), (e), and (f) of this
8 section; and

9 (iv) any additional resources made available by the Department in
10 accordance with this section.

11 (h) (1) The Department shall ensure Medicare-eligible retirees have access to
12 one-on-one counseling services to assist retirees in selecting a Medicare prescription drug
13 benefit plan.

14 (2) The Department shall develop a plan to communicate to
15 Medicare-eligible retirees the availability of:

(ii) services and information regarding prescription drug benefit plans under Medicare.

24 (4) The report required under paragraph (3) of this subsection shall
25 include:

26 (i) options for providing one-on-one counseling, including:

27 1. in-person, over-the-phone, or web-based counseling;

30 3. a plan to ensure equitable geographic access to
31 one-on-one counseling; and

4. entering into a statewide contract with an employee

1 benefits administrator or similar entity to provide one-on-one counseling services;

2 (ii) plans for holding seminars in every county of the State to provide
3 information regarding eligibility for and available benefits under the programs established
4 under subsections (d), (e), and (f) of this section;

5 (iii) plans for providing access to a web-based overview and
6 interactive website that provide information on:

7 1. Medicare prescription drug benefit plans; and

8 2. subsidy and financial assistance programs for low-income
9 individuals; and

10 (iv) plans for providing a toll-free hotline for reporting issues and
11 concerns regarding the services provided in accordance with this paragraph.

12 (i) Subject to the requirements of § 13–108 of the State Finance and Procurement
13 Article, the Department may make an emergency procurement for:

14 (1) staff required to carry out the provisions of this section; and

15 (2) a third party to administer health reimbursement accounts established
16 under this section.

17 (j) The Department shall submit quarterly reports to the Governor and, in
18 accordance with § 2–1257 of the State Government Article, the House Appropriations
19 Committee, the Senate Budget and Taxation Committee, and the Joint Committee on
20 Pensions, on:

21 (1) the status of establishing the programs under subsections (d), (e), and
22 (f) of this section, including:

23 (i) the status of procuring any contracts necessary to operate the
24 programs; and

25 (ii) the prescription drugs determined to qualify for reimbursement
26 under the Maryland State Retiree Life–Sustaining Prescription Drug Assistance Program
27 under subsection (f) of this section;

28 (2) the availability of one-on-one counseling services required under
29 subsection (h) of this section;

30 (3) the details of the health reimbursement accounts or other programs to
31 provide assistance with prescription drug costs for individuals enrolled in the programs
32 under subsections (d), (e), and (f) of this section, including:

- (i) the specific out-of-pocket costs eligible for reimbursement;
- (ii) the required process for receiving reimbursement;
- (iii) the method of reimbursement;
- (iv) the timing of reimbursement; and
- (v) a plan to use debit cards to process reimbursements in a efficient manner; and

(k) The Department shall adopt regulations to implement the provisions of this
n.]

Chapter 767 of the Acts of 2019

12 [SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding any other
13 provision of law, if the final resolution of the injunction issued in the U.S. District Court
14 for the District of Maryland in Fitch v. State of Maryland et al, Case No. 1:18
15 CV-0287-PM (D. Md.) occurs on a date that is:

(iii) the provision of written certified notice to individuals under § 2-509.1(g) of the State Personnel and Pensions Article, as enacted by Section 1 of this Act.]

12 [SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the General
13 Assembly that the Department of Budget and Management establish the Maryland State
14 Retiree Prescription Drug Coverage Program, the Maryland State Retiree Catastrophic
15 Prescription Drug Assistance Program, and the Maryland State Retiree Life-Sustaining
16 Prescription Drug Assistance Program in § 2-509.1(d), (e), and (f) of the State Personnel
17 and Pensions Article, respectively, in a manner that allows retirees to access
18 reimbursement at the time of prescription drug purchase, through a mechanism such as
19 debit cards.]

20 [SECTION 5. AND BE IT FURTHER ENACTED, That it is the intent of the General
21 Assembly that the Department of Budget and Management attend at least one meeting
22 each year of the Joint Committee on Pensions to update the Committee on implementation
23 of the provisions of this Act.]

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2026.